

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-08 FRB-03 INR-07
NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 FS-01 ABF-01 IO-13 /068 W
-----031066 040630Z /13-12
R 040400Z SEP 77
FM AMEMBASSY ANTANANARIVO
TO SECSTATE WASHDC 9778
INFO USDOC WASHDC

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E.O. 11652: N/A
TAGS: EFIN EAIR EXIM MA
SUBJ: DRAMATIC DECLINE IN MADAGASCARKS FOREIGN EXCHANGE RESERVES

1. SUMMARY: SEPTEMBER ISSUE OF CENTRAL BANK BULLETIN (NO 16)
SHOWS DECLINE IN FORIGN EXCHANGE RESERVES FROM 14.64 BILLION
FMG IN MAY TO 8.27 BILLION IN JUNE & 7.095 BILLION IN JULY.
END SUMMARY.

2. THE MAY/JUNE DECLINE OF OVER
25 MILLION DOLLARS (CURRENTLY ONE US DOLLAR EQUALS APPROX 245
FMG) AND THE JULY FIGURE LESS THAN HALF THE MAY FIGURE, AND
SLIGHTLY OVER 3.5 WEEKS OF ESTIMATED 1977 IMPORTS, IS ALMOST
UNPRECEDENTED IN RECENT YEARS. SINCE 1970 THE ONLY COMPARABLE
LOW ON RECORD WAS 6.82 BILLION FMG IN JUNE 1975 AFTER
SEVERAL MONTHS OF POLITICAL UPHEAVAL.

3. COMMENT: WE SUSPECT THAT THIS SHARP DROP IN RESERVES IS AT
LEAST PARTIALLY DUE TO HEAVY RICE IMPORTS AFTER THE CYCLONE AND
FLOODS EARLY THIS YEAR. HOWEVER, THE 120,000 TO 150,000 TONS WE
BELIEVE WERE IMPORTED COULD HARDLY AMOUNT TO THE TOTAL DROP OF
\$30 MILLION UNLESS MOST OF THE RICE WAS BOUGHT ON STRICT CASH
TERMS. WE'LL ATTEMPT TO GATHER FURTHER BACKGROUND ON THIS
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DEVELOPMENT, INCLUDING POSSIBILITY THAT POSITION HAS IMPROVED
SINCE JULY. HOWEVER, WITH ALL RESPONSIBLE FINANCIAL OFFICERS IN
WASHINGTON FOR IMF MEETING AND BOEING 747 PURCHASE, THIS MAY
NOT BE POSSIBLE UNTIL THEIR RETURN.

4. RECENT VISITS BY BOEING REPS AND SEVERAL US BANKERS, INCLUDING
TWO CITIBANKERS, LEADS EMBASSY TO BELIEVE THEY MAY ALREADY BE

AWARE OF MADAGASCAR'S DIMINISHED RESERVES. HOWEVER, DEPARTMENT MAY
WISH TO INFORM EXIM, BOEING, AND LOCKHEED OF THE 7.095 BILLION
FMG JULY FIGURE. BARRETT

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL STABILITY, FOREIGN EXCHANGE
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Review Release Date: n/a
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TAGS: EFIN, EAIR, MA, XMB
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